



KGen Power Corporation

April 29, 2011

**KGEM POWER CORPORATION SIGNS DEFINITIVE AGREEMENTS
TO SELL ITS HINDS AND HOT SPRING FACILITIES
TO SUBSIDIARIES OF ENTERGY CORPORATION**

Final Transactions in the Company's Continuing Value Maximization Efforts

The Board of Directors of KGen Power Corporation is pleased to announce the execution of definitive agreements for the sale of the Company's Hinds and Hot Spring power generating facilities for a cash purchase price of \$206 million for the Hinds facility and \$253 million for the Hot Spring facility, in each case subject to closing adjustments.

The Hinds transaction will be implemented by means of a sale of our Hinds facility and other related assets to Entergy Mississippi, Inc., a regulated public utility subsidiary of Entergy Corporation that distributes electricity to approximately 437,000 customers in Mississippi. Located in Mississippi's Hinds County, this facility is comprised of two natural gas-fired combustion turbine generators, two unfired heat recovery steam generators and one condensing steam turbine generator operating in combined cycle mode, and has a nominal generation capacity of 520 megawatts (with a summer capacity rating of 450 MW).

The Hot Spring transaction will be implemented by means of a sale of our Hot Spring facility and other related assets to Entergy Arkansas, Inc., a regulated public utility subsidiary of Entergy Corporation that distributes electricity to approximately 693,000 customers in Arkansas. Located in Arkansas' Hot Spring County, this facility is comprised of two natural gas-fired combustion turbine generators, two supplemental fired heat recovery steam generators, a chiller system and one condensing steam turbine generator operating in combined cycle mode, and has a nominal generation capacity of 620 megawatts (with a summer capacity rating of 620 MW).

The transactions are each conditioned upon the receipt of approval from holders of a majority of the Company's outstanding shares, approval of the Federal Energy Regulatory Commission, approval of applicable state public service commissions, clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, certain third-party consents and certain other customary closing conditions. The transactions, which are not subject to any financing condition, are each expected to close in the middle of calendar year 2012, but may close before or after such time. Neither the Hinds transaction nor the Hot Spring transaction is conditioned on the closing of the other, thus the transactions may close at different times and one transaction may be completed and not the other.

Funds managed or advised by entities affiliated with two of the Company's directors have agreed to vote their Company shares in favor of the Hinds and Hot Spring transactions. These shares represent approximately 20% of the Company's outstanding shares.

Under the terms of the transaction agreements, \$30 million of the purchase price from the Hinds transaction and \$38 million of the purchase price from the Hot Spring transaction will be

held in escrow to secure customary post-closing indemnification obligations. \$10 million of the Hinds escrow and \$12 million of the Hot Spring escrow are subject to release 12 months after closing; with an additional \$10 million of the Hinds escrow and \$13.8 million of the Hot Spring escrow subject to release 18 months after closing. Any remaining escrow amounts will be subject to release 42 months after closing.

Upon the consummation of the Hinds and Hot Spring transactions, the Company will have sold all of its operating assets. The Board expects to distribute to shareholders substantially all of the net after-tax proceeds of these sales as they are received after taking into account the anticipated expenses of winding down the Company.

You will shortly receive proxy materials for a special meeting of shareholders we will hold for the purpose of voting on each of the sales of the Hinds and Hot Spring facilities. These materials will include a more detailed summary of the terms of the transactions. Please sign and return your proxy as soon as possible. In the meantime, copies of the definitive sale agreements are available at www.kgenpower.com.

Your Board has unanimously approved each of the transactions and strongly recommends that you vote your shares in favor of each of the transactions.

Credit Suisse Securities (USA) LLC acted as financial advisor to the Company in connection with the transactions.

We encourage you to call Thomas White at (713) 979-1935 or Daniel Hudson at (281) 252-5201, or any of the other Directors, if you have any questions.

The Board of KGen Power Corporation

Daniel Hudson (Chairman)

James P. Jenkins

Gerald J. Stalun

Thomas B. White (President and Chief Executive Officer)

About KGen Power Corporation

KGen Power Corporation owns and operates merchant electric power generation plants and sells electricity and electrical generation capacity. Its existing portfolio consists of two operational and fully permitted power plants in the southeastern United States, with an aggregate capacity of 1,140 megawatts. For more information, visit www.kgenpower.com.